

[REDACTED]
EXECUTION VERSION

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

In the Matter of

GUAM CABLE GROUP, INC.,

Licensee,

STARTEC GLOBAL COMMUNICATIONS
CORPORATION, DEBTOR-IN-POSSESSION,
STARTEC GLOBAL OPERATING COMPANY,
DEBTOR-IN-POSSESSION,

Transferors

and

ALLIED CAPITAL CORPORATION,

Transferee

Application for Consent to Transfer of Control

W/C 04-145
FCC/MELLON MAR 09 2004

File No. _____

**APPLICATION TO TRANSFER CONTROL OF DOMESTIC AND
INTERNATIONAL SECTION 214 AUTHORIZATIONS
STREAMLINED PROCESSING REQUESTED**

Pursuant to section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and sections 63.04(b), 63.18(e)(3) and 63.24(e), of the Commission's rules, 47 C.F.R. §§ 63.04(b), 63.18(e)(3), 63.24(e), Guam Cable Group, Inc. ("Guam Cable"), Startec Global Communications Corporation ("Startec Parent"), debtor-in-possession, Startec Global Operating Company ("Startec Operating"), debtor-in-possession, and Allied Capital Corporation ("Allied"), hereby request that the Commission approve of the transfer of the international¹ and domestic² section 214 authorizations held by Guam

¹ ITC-91-171, ITC-93-047, ITC-95-394, ITC-96-432, ITC-214-20030404-00169 ITC-95-394 authorizes operation of facilities on the TPC-5 undersea cable network on a common carrier basis. The

Cable, from Startec Parent to Allied. The parties present this application in conjunction with the Chapter 11 bankruptcy reorganization of Startec Parent, Startec Operating and co-debtor Startec Global Licensing Company ("Startec Licensing") (together, the "Debtors"). The Commission's approval of this application will allow the Debtors to emerge from bankruptcy protection. In addition, the parties submit that this application qualifies for streamlined treatment pursuant to Section 63.12(a) of the Commission's rules, 47 C.F.R. § 63.12(a), and accordingly request that the Commission afford the application such streamlined treatment.

DESCRIPTION OF THE APPLICANTS

Guam Cable operates as a joint venture between Startec Operating and EC Communications, LLC. Guam Cable holds certain indefeasible rights of use in the TPC-5, China-US and Guam-Philippines cable systems, leasehold interests that permit it to collocate equipment at the Tumon Bay and Tanguisson cable landing stations in Guam, and leasehold interests in terrestrial the fiber-optic capacity linking these cable landing stations. Guam Cable makes these facilities available to other licensed telecommunications carriers for resale. It does not provide services to end-users.

Through its wholly owned subsidiaries Startec Operating and Startec Licensing, Startec Parent is a facilities-based provider of domestic and international long distance services that makes particular efforts to meet the needs of select ethnic businesses and residential communities located in major metropolitan areas — for example, through in-

applicants are filing a separate application seeking the Commission's consent to the transfer of control of the cable landing licenses held by Guam Cable, including the TPC-5 cable landing license.

² The disclosures required by Section 63.04(b) of the Commission's rules pertaining to the transfer of control of Guam Cable's domestic section 214 authorization are included in Attachment A

language customer service and long distance plans targeting foreign and emerging markets closely connected to these ethnic communities. Most Startec traffic is carried over an Internet Protocol (“IP”) network, which allows it to integrate voice, data, and Internet access services. Startec also offers wholesale Voice over IP (“VoIP”) services to other international long distance carriers and Internet service providers.

A publicly owned corporation, Allied provides private investment capital (in the form of both debt and equity securities) to private and undervalued public companies.

PROCEDURAL BACKGROUND³

1. Startec Bankruptcy Filings and Pro-Forma Transfers of Control

On December 14, 2001, Startec Parent and its wholly owned subsidiaries Startec Operating and Startec Licensing filed for bankruptcy under Chapter 11 of Title 11 of the U.S. Code in the U.S. Bankruptcy Court for the District of Maryland (Greenbelt Division) (the “Bankruptcy Court”).⁴ Startec Parent, Startec Operating, and Startec Licensing each continue in possession of their property and management of their businesses as a debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

At the time of the bankruptcy filing, the assets and licenses now held by Guam Cable were held by PCI Communications, Inc. (“PCI”), a wholly owned subsidiary of Startec Parent. Not a party to the bankruptcy proceedings, PCI continued to operate as before.

³ As the Commission is aware, the Startec bankruptcy proceedings to which this application relates have an extended and somewhat convoluted history. To clarify the sequence of events, a timeline of the important procedural developments in these proceedings is included as Attachment A.

On behalf of PCI, Startec Parent notified the Commission by letter on July 12, 2002 of the *pro forma* transfer of control of PCI's international section 214 authorizations from Startec Parent to Startec Parent as debtor-in-possession.⁴ On July 15, 2002, Startec Parent filed an application for the *pro forma* transfer of control of PCI's minority interests in four cable landing licenses (together with any accompanying international section 214 authorizations) to Startec Parent as debtor-in-possession,⁵ which the Commission subsequently granted.⁷ Finally, on August 1, 2002, Startec Parent notified the Commission of the *pro forma* transfer of control of PCI's domestic section 214 authorization to Startec Parent as debtor-in-possession.

2. The "Original Plan" and Corresponding Applications

On September 11, 2002, Startec Parent, Startec Operating and Startec Licensing filed the Debtors' Joint Plan of Reorganization, as amended ("the Original Plan"). Under the Original Plan, which was subject to approval from the companies' creditors and from the Bankruptcy Court, Startec Parent would have been reorganized with 50 million authorized shares of new common stock. Upon consummation, unless the general unsecured creditors and holders of pre-petition notes did not vote in favor of the Original Plan, 28 million shares of common stock were to have been issued as follows: 90% of the shares to Allied, 2.5% to NTFC Capital Corporation ("NTFC"), with the remaining 7.5% shared by unsecured creditors and holders of pre-petition notes. The Original Plan also allowed for issuance of certain warrants and options that, if exercised, would have diluted

⁴ *In re Startec Global Communications Corp., et al.*, jointly administered under Case No. 01-25013 (DK) (Bankr. D. Md. filed Dec. 14, 2001).

⁵ Startec filed a similar letter on July 12, 2002, with respect to the *pro forma* transfer of control of the international section 214 authorization held by Startec Operating.

⁶ FCC File No. SCL-T/C-20020715-00063

⁷ See Public Notice, DA 02-2614 (rel. Oct. 10, 2002)

Allied's share of common stock to 72%, and increased NTFC's share to 7%. In addition, Allied would have received 100% of 6,300 shares of new voting preferred stock in Startec Parent. These shares would have voted together with the new common stock as a class, with each share having one vote. The new preferred stock would also have had the right to vote separately on certain corporate actions.

On September 25, 2002, Startec Parent, PCI and Allied filed an application (the "Original Application") with the Commission, seeking approval of the transfer of control over PCI and its FCC authorizations as contemplated by the Original Plan.⁸ The Wireline Competition Bureau subsequently granted the portion of the Original Application pertaining to PCI's domestic 214 authority.⁹

The parties to the Original Application expected that the bankruptcy confirmation process and emergence would be completed on the timeline contemplated in the Original Plan. Under the Original Plan, a confirmation hearing would have been held in December 2002, and Startec Parent, Startec Licensing and Startec Operating would have emerged from bankruptcy shortly thereafter.

Unfortunately, the parties were unable to consummate the Original Plan as they had intended. In the month before the scheduled December 2002 confirmation hearing, a dispute arose between Allied and NTFC over certain terms of the Original Plan. The parties were unable to negotiate an immediate resolution, and without the support of both Allied and NTFC, the Debtors could not achieve confirmation of the Original Plan. Accordingly, the Debtors elected to postpone the confirmation hearing until February 2003. The dispute between Allied and NTFC defied resolution, and ultimately resulted in

⁸ FCC File Nos SCL-T/C-20020925-00099, ITC-T/C-20020925-00527.

a lawsuit.¹⁰ Negotiations between Allied and NTFC continued throughout 2003, forcing further postponements of the confirmation hearing.¹¹

3. The PCI Sale, Formation of Guam Cable and Corresponding Applications

As Allied and NTFC attempted to resolve their differences, the Debtors continued their efforts to reorganize and restructure their business into a profitable enterprise. To that end, in the spring of 2003, Startec Parent negotiated the formation of a joint venture with EC Communications, LLC ("ECC"). This joint venture involved the sale of PCI's assets, including its minority interests in the cable landing licenses for the TPC-5, China-US and Guam-Philippines cable systems,¹² and international section 214 authorizations,¹³ to Guam Cable.

Upon consummation of this transaction, ECC and Startec Operating would each own 50% of the outstanding common stock of Guam Cable, would share board and executive officer control of the company, and would share responsibility for Guam Cable's day-to-day operations. Guam Cable would execute capacity lease agreements with Startec Operating and ECC, whereby Startec Operating and ECC would have a right to use a percentage of the capacity of Guam Cable's network. Guam Cable would invoice Startec Operating and ECC for the operation and maintenance costs, the capital

² See Transfer of Control of PCI Communications, Inc., WC Docket No. 02-338, DA 02-2935 (rel. Oct. 31, 2002).

¹⁰ NTFC Capital Corporation v. Allied Capital Corporation, Adv. No. 03-1135-DK (Bankr. D. Md. filed Mar. 31, 2003).

¹¹ To clear the record with respect to the September 2002 applications that remained pending, PCI, Startec Parent, and Allied requested that the Commission dismiss the Original Application by a letter submitted to the Commission on February 27, 2004.

¹² FCC File Nos. SCL-92-005(M)-2; SCL-LIC-98-002; SCL-98-004.

¹³ FCC File Nos. ITC-91-171, ITC-93-047, ITC-95-394, ITC-96-432. At the time of the PCI transaction, Guam Cable also already held an international 214 license to provide global facilities-based and global resale services. See ITC-214-20030404-00169.

re-allocation costs and construction costs associated with each party's respective percentage of capacity on these network assets.

On June 9, 2003, PCI and Guam Cable filed applications with the Commission requesting authorization to transfer PCI's international section 214 authorizations¹⁴ and minority interests in cable landing licenses.¹⁵ Simultaneously with the submission of these applications, PCI and Guam Cable submitted requests for special temporary authority ("STA"),¹⁶ in which the parties asked the Commission for authorization to complete these assignments immediately, thereby allowing the parties to stem PCI's substantial cash losses and alleviating the burden that PCI was placing on its bankrupt parent company. The Commission granted the STA requests, and PCI and Guam Cable consummated the license transfers on June 19, 2003. The Commission later granted the original, underlying applications.¹⁷

4. Withdrawal From Japan-US Cable Landing License

After the PCI-Guam Cable transaction occurred, PCI remained a party to the Japan-US submarine cable landing license.¹⁸ On August 14, 2003, PCI applied to relinquish its interest in the license,¹⁹ and the Commission subsequently granted this application.²⁰

5. Resolution of the Allied-NTFC Dispute and the "Modified Plan"

In December 2003, Allied and NTFC resolved their differences. The parties executed a settlement agreement on December 24, 2003, and filed a stipulation requesting

¹⁴ FCC File No. ITC-ASG-20030604-00274

¹⁵ FCC File No. SCL-ASG-20030604-00009.

¹⁶ FCC File Nos. ITC-STA-20030604-00273, SCL-ASG-20030604-00010.

¹⁷ See Public Notice, DA 03-2605 (rel. August 7, 2003); Public Notice, DA 03-2646 (rel. August 13, 2003).

¹⁸ FCC File No. SCL-LIC-19981117-00025.

¹⁹ FCC File No. SCL-MOD-20030814-00023.

dismissal of the pending lawsuit on January 20, 2004. The settlement agreement between Allied and NTFC resulted in further revisions to the Debtors' Joint Plan of Reorganization.

The Debtors submitted this further revised Debtors' Joint Plan of Reorganization, as amended and modified (the "Modified Plan"), to the bankruptcy court by motion for preliminary approval on January 16, 2004.²¹ On January 30, 2004, the bankruptcy court issued an order tentatively approving the Debtors' proposed revisions. The Debtors then held their confirmation hearing on February 9th and 10th, 2004. At the conclusion of the hearing, the bankruptcy court indicated that the Modified Plan would be confirmed, subject to the submission and execution of a written confirmation order. The Debtors submitted the written confirmation order to the court for approval on March 3, 2004,²² and will deliver the executed confirmation order to the Commission as soon as it becomes available.

DESCRIPTION OF THE PROPOSED TRANSACTION

The Debtors propose to revise the capital and debt structures of Startec Parent, Startec Operating and Startec Licensing pursuant to the Modified Plan. Startec Operating will continue to be a wholly owned subsidiary of Startec Parent. The relationship between Startec Operating, Guam Cable, and ECC, including Startec Operating's co-ownership and co-management of Guam Cable, will not change.

²⁰ See Public Notice, DA 03-2949 (rel. Sep. 25, 2003).

²¹ The Modified Plan, as it pertains to this application, is described in further detail below and is set forth in its entirety as Attachment C hereto. A blackline comparison of the Original Plan and the Modified Plan are attached as Attachment D hereto.

²² A copy of the confirmation order as filed with the bankruptcy court is included as Attachment D.

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The reorganized Startec Parent will cancel all existing shares of authorized stock and will amend its certificate of incorporation to authorize 50 million shares of new common stock. Upon consummation, 28 million shares of this new common stock will be issued as follows: 68.5% of the shares to Allied, 24% to NTFC Capital Corporation ("NTFC"), and the remaining 7.5% to be shared by unsecured creditors and holders of pre-petition notes. The Modified Plan also provides for the issuance of common stock options that, if exercised, would dilute Allied's share of common stock to 58.22%, and NTFC's to 20.40%. The common stock options will be issued to eligible employees.²³

In addition, Allied and NTFC will split control of Startec Parent's board of directors, with Allied selecting five of the board's seven directors, and NTFC selecting the other two.

PUBLIC INTEREST STATEMENT

The transfer of control pursuant to the Modified Plan will provide both the reorganized Debtors and Guam Cable with the best opportunity to continue providing domestic and international services to customer bases in the United States, Guam, and the Marianas. By facilitating service to ethnic and linguistic communities, and connecting them with developing economies throughout the world via domestic and international long distance, Internet access, and data services, the Debtors and Guam Cable play a vital role in an important niche market. For these reasons, the applicants respectfully submit that approval of this application is consistent with the public interest, convenience, and

²³ Article 9.2 of the Modified Plan also permits, but does not require, Startec Parent to issue certain up to 20 83% of the of the new common stock to a third-party lender as "Exit Shares", in exchange for \$5 million in new financing. The Debtors have elected not to exercise this option, and Startec Parent will not issue any "Exit Shares". The equity structure of the Debtors will remain exactly as set forth herein.

necessity, as required by section 63.18 of the Commission's rules, 47 C.F.R. § 63.18.

Approval of the application would also comport with the Commission's goal of "accommodat[ing] the policies of federal bankruptcy law with those of the Communications Act."²⁴ The applicants further demonstrate below that the application qualifies for streamlined treatment and request that the Commission act as expeditiously as possible in reviewing and approving the requested transfer of control in order to promote these goals.

**TRANSFER OF CONTROL INFORMATION
REQUIRED BY SECTION 63.18 AND 63.24(e)(2)**

As noted above, Guam Cable, Startec Operating, Startec Parent and Allied request Commission approval of the transfer of control of Debtors' subsidiary Guam Cable to Allied, in conjunction with the Debtors' emergence from bankruptcy protection.

Pursuant to section 63.24(e)(2) of the Commission's rules, 47 C.F.R. § 63.24(e)(2), the applicants submit the information requested in paragraphs (a) through (d) of section 63.18, 47 C.F.R. § 63.18(a)-(d), for licensee Guam Cable, transferors Startec Parent and Startec Operating, and transferee Allied, and also submit the information requested in paragraphs (h) through (p) of section 63.18, 47 C.F.R. § 63.18(h)-(p), for transferee Allied:

63.18(a) The name, address, and telephone number of the licensee are:

Guam Cable Group, Inc.
135 Chalan Santo Papa
Agana, Guam 96910
(Tel.) (671) 477-2244
(Fax) (671) 477-6054

²⁴ *LaRose v FCC*, 494 F.2d 1145, 1146 (D.C. Cir. 1974).

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The names, addresses, and telephone numbers of the transferors are:

Startec Global Communications Corporation
1151 Seven Locks Rd.
Potomac, MD 20854
(Tel.) (301) 610-4300

Startec Global Operating Company
1151 Seven Locks Rd.
Potomac, MD 20854
(Tel.) (301) 610-4300

The name, address, and telephone number of the transferee are:

Allied Capital Corporation
1919 Pennsylvania Ave., NW
Third Floor
Washington, DC 20005-3434
(Tel.) (202) 331-1112

- 63.18(b) Startec Parent and Startec Operating are Delaware corporations headquartered in Potomac, Maryland. Guam Cable is a Delaware corporation headquartered Agana, Guam.

Allied is a Maryland corporation headquartered in Washington, DC.

- 63.18(c) Correspondence concerning this application should be sent to:

for Startec Parent, Startec Operating and Guam Cable:
Startec Global Communications Corporation
1151 Seven Locks Rd.
Potomac, MD 20854
Attn: James Morgan, Esq.
(Tel.) (301) 610-4646
(Fax) (240) 314-4219

For Allied:
Allied Capital Corporation
1919 Pennsylvania Ave., NW
Third Floor
Washington, DC 20005-3434
Attn: Mr Scott Binder
(Tel.) (202) 331-1112
(Fax) (202) 659-2053

with a copy to:

Dickstein Shapiro Morin & Oshinsky LLP
2102 L St., NW
Washington, DC 20037
Attn: David Parker, Esq.
Fax No.: (202) 887-0689

63.18(d) Certain of the parties to this application have previously received authority under Section 214 of the Act, and a general description of the categories of facilities and services authorized follows:

i. **Guam Cable (Licensee):**

a. **ITC-91-171, ITC-93-047, ITC-96-432, ITC-214-20030404-00169** — Guam Cable holds international section 214 authorizations to provide facilities-based and resale services between the United States and all international points (except for those listed on the Commission's Exclusion List).²⁵ Guam Cable received these authorizations by assignment from PCI, *see* FCC File No. ITC-ASG-20030604-00274, except for the authorization granted in FCC File No. ITC-214-20030404-00169, which it obtained by direct application to the Commission.

b. **ITC-95-394** — Guam Cable holds an international section 214 authorization to use the TPC-5 cable network on a common carrier basis. Guam Cable received this authorization by assignment from PCI, *see* FCC File No. ITC-ASG-20030604-00274.

Guam Cable also holds minority interests in three cable landing licenses, as follows:

c. **SCL-LIC-98-002** — PCI received authority to acquire a minority ownership in facilities on the China-US Cable System. Guam Cable obtained this authority from PCI by subsequent assignment. *See* FCC File No. SCL-ASG-2003-0604-00009.

d. **SCL-89-004** — PCI received authority to acquire a minority ownership in facilities on the Guam-Philippines Cable System. Guam Cable obtained this authority from PCI by subsequent assignment. *See* FCC File No. SCL-ASG-2003-0604-00009.

²⁵

See 7 FCC Rcd 63 (1991), 8 FCC Rcd 4706 (1993), and 11 FCC Rcd 11306 (1996).

e. **SCL-92-005(M)-2** — PCI received authority to acquire a minority ownership in facilities on the TPC-5 Cable System. Guam Cable obtained this authority from PCI by subsequent assignment. *See* FCC File No. SCL-ASG-2003-0604-00009.

Descriptions of each of the cable systems and the cable landing stations are provided in the underlying license applications.²⁶

In addition, Guam Cable provides interstate services pursuant to the blanket domestic section 214 authority granted under section 63.01 of the Commission's rules, 47 C.F.R. § 63.01.

ii. **Startec Parent (Transferor)**

Startec Parent holds no section 214 authorizations, but does hold minority interests in two cable landing licenses, as follows.

a. **SCL-98-005 / ITC-98-437** — Startec received authority to acquire a minority ownership in facilities on the COLUMBUS-III Cable System, as well as international section 214 authority to use its cable facilities on a common carrier basis.

b. **SCL-LIC-19990303-00004** — Startec received authority to acquire a minority ownership in facilities on the TAT-14 Cable System.

Descriptions of each of the cable systems and the cable landing stations are provided in the underlying license applications.²⁷ Startec has filed applications to modify each of these cable landing licenses and relinquish its interests therein.

iii. **Startec Operating (Transferor)**

a. **ITC-89-099, ITC-97-379** – Startec Operating holds international section 214 authorizations to provide facilities-based and resale services between the United States and all international points (except for those listed on the Commission's Exclusion List).²⁸

²⁶ *See* File Nos SCL-92-005(M)-2 (TPC-5); SCL-LIC-98-002 (China-US); SCL-89-004 (Guam-Philippines). PCI previously held a minority interest in the Japan-US Cable Landing License, SCL-LIC-19981117-00025, but has since relinquished this interest *See* Public Notice, DA 03-2949 (rel Sep. 25, 2003)

²⁷ *See* File Nos ITC-98-437 (COLUMBUS-III); SCL-LIC-19990303-00004 (TAT-14)

²⁸ *See* 4 FCC Rcd 6953 (1989) and 12 FCC Rcd 13325 (1997). These authorizations were each originally issued to "Startec, Inc." The Commission later approved a name change on both of the authorizations to "Startec Global Communications Corporation". *See* 13 FCC Rcd 5944 (1997). By letter

iv. **Allied (Transferee)**

Allied has never applied for or received authority under section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214. Allied has also neither sought nor received a cable landing license pursuant to sections 34-39 of the Cable Landing License Act, 47 U.S.C. §§ 34-39.

63.18(e) No response required.

63.18(f) No response required.

63.18(g) No response required.

63.18(h) Allied is a publicly traded company. No person or entity directly or indirectly owns 10% or more of the equity of Allied, and no officer or director of Allied is also an officer or director of a foreign carrier.

Under the Modified Plan, NTFC Capital Corporation ("NTFC") will hold an attributable ownership interest in Startec Parent, and therefore in Startec Operating and Guam Cable, of either 24% undiluted, or 20.4% fully diluted. NTFC is a Delaware Corporation with principal offices located at 10 Riverview Drive, Danbury, CT 06810. The principal business of NTFC is commercial lending.

NTFC is a wholly owned subsidiary of General Electric Capital Corporation, a Delaware corporation with principal executive offices located at 260 Long Ridge Rd, Stamford, Connecticut 06927. The principal business of General Electric Capital Corporation is financial services.

General Electric Capital Corporation is a wholly owned subsidiary of General Electric Capital Services, Inc., a Delaware corporation with its principal executive offices located at 260 Long Ridge Road, Stamford, CT 06927. General Electric Capital Services, Inc. is an intermediate holding company.

General Electric Capital Services, Inc. is a wholly owned subsidiary of the General Electric Company, a New York corporation with principal executive offices located at 3135 Easton Turnpike, Fairfield, Connecticut 06431. The General Electric Company is engaged in developing, manufacturing and distributing

of June 14, 1999, Startec notified the Commission of the *pro forma* assignment of these international section 214 authorizations to Startec Operating.

a wide variety of products. Through subsidiaries, it provides a broad spectrum of financial services. It also owns through other subsidiaries certain television broadcast licenses and the NBC television network.

The General Electric Company is a publicly traded company. No single person or entity directly or indirectly owns 10% or more of the General Electric Company.

63.18(i)

Allied is not a foreign carrier. Allied and its wholly owned subsidiary, High Tension Wireless LLC, hold an approximately 85% ownership interest in Acme Paging LP, a limited partnership that is comprised of a number of partners, including Allied and High Tension Wireless LLC. High Tension Wireless LLC is also the general partner of Acme Paging LP.

Acme Paging LP has a number of indirect subsidiaries that hold licenses in various South American countries.

- Conectel Telecomunicaciones S.A., a subsidiary of Acme Paging LP, holds a paging license (SAP license) issued by the Secretaria de Comunicaciones to operate on the frequencies 931.2375 MHz and 931.4875 MHz in Argentina.
- Radiofon de Columbia Ltda., a subsidiary of Acme Paging LP, holds a nationwide paging license issued by the Ministry of Communications to operate on the frequency 931.8875 MHz in Colombia (Concession No. 6896).
- Maxtel S.A., a subsidiary of Acme Paging LP, holds a nationwide paging license issued by the Ministry of Communications to operate on the frequency 445.525 MHz in Colombia (Concession No. 7489).
- Promptel Comunicações S/A holds a nationwide restricted Special Paging Service (SER) license issued by ANATEL, the regulatory body responsible for issuing communications licenses, to operate in the 931 MHz frequency band in Brazil.
- Alfa Radiochamada S/A holds a Special Paging Service (SER) license issued by ANATEL, the regulatory body responsible for issuing communications licenses, to operate in the 931 MHz frequency band in the metropolitan areas of São Paulo City, Brazil; Rio de Janeiro City, Brazil; Belo Horizonte, Brazil; Brasília, Brazil; Porto Alegre, Brazil; Curitiba, Brazil; Salvador, Brazil; Recife, Brazil; and Fortaleza, Brazil.

- Peigim Comunicações e Serviços Ltda holds a Special Paging Service (SER) license issued by ANATEL, the regulatory body responsible for issuing communications licenses, to operate in the 931 MHz frequency band in the metropolitan areas of São Paulo Capital, Brazil.

Acme Paging LP owns approximately 85% of the outstanding equity of Universal Network Technology S/A, a Brazilian entity. Universal Network Technology S/A does not hold any of its own licenses in Brazil, but has signed agreements with Coopernet pursuant to which Universal Network Technology renders services to end-users through the licenses held by Coopernet.

- Coopernet, a data transmission national cooperative (non-for-profit organization), holds a Private Mobile Limited Service (SLMP) license issued by ANATEL, the regulatory body responsible for issuing communications licenses, to operate in the 896 – 901 MHz/935 – 940 MHz frequency bands in the metropolitan area of São Paulo, Brazil; Rio de Janeiro, Brazil; and Curitiba, Brazil.

Allied certifies to the information in this paragraph.

63.18(j)

Allied seeks authority for Guam Cable to continue to provide international telecommunications services to all of the countries for which it is currently authorized (which includes all of the countries in which Startec Parent maintains a foreign affiliate). A current list of Startec Parent's foreign affiliations is provided as Attachment F to this application.

As noted above, Allied is not a foreign carrier, and its only affiliations with foreign carriers will be those of the reorganized Startec Parent and Guam Cable (*see Attachment F*), as well as those disclosed in section (i) above.

Even on an undiluted basis, NTFC will not hold an attributable ownership interest of greater than 25% in Guam Cable, Startec Parent or Startec Operating.

Allied, Guam Cable, Startec Parent and Startec Operating certify to this information.

63.18(k)

All of the countries in which Startec Parent, Startec Operating and Allied control foreign carriers are Members of the World Trade Organization, as set forth in 47 C.F.R. § 63.18(k)(1).

- 63.18(l) Each of Startec Parent's, Startec Operating's and Allied's foreign affiliates lacks 50 percent market share in the international transport and the local access markets on the foreign end of the route, as set forth in 47 C.F.R. § 63.10(a)(3). They therefore qualify for non-dominant treatment on all international routes.
- Even on an undiluted basis, NTFC will not hold an attributable ownership interest of greater than 25% in Guam Cable, Startec Parent or Startec Operating.
- 63.18(m) Each of Startec Parent's, Startec Operating's and Allied's foreign affiliates lacks 50 percent market share in the international transport and the local access markets on the foreign end of the route, as set forth in 47 C.F.R. § 63.10(a)(3). They therefore qualify for non-dominant classification on all international routes.
- Even on an undiluted basis, NTFC will not hold an attributable ownership interest of greater than 25% in Guam Cable, Startec Parent or Startec Operating.
- 63.18(n) Allied certifies that it has not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.
- 63.18(o) Allied certifies that to the best of its knowledge no party to this application is subject to a denial of federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988.
- 63.18 (p) The applicants respectfully submit that this application qualifies for streamlined processing pursuant to section 63.12 of the Commission's rules, 47 C.F.R. § 63.12. Allied has certified above that it is not a foreign carrier, nor is it affiliated with foreign carriers that possess market power in their destination markets. Further, as the Commission has determined previously, Startec Parent's foreign carrier affiliates also lack market power in their respective destination markets, as set forth in section 63.12(c)(1)(i)-(iii) of the Commission's rules, 47 C.F.R. § 63.12(c)(1)(i)-(iii).²⁹

²⁹ See *In the Matter of PCI Communications, Inc.*, Memorandum Opinion and Order, DA 99-1976, para 3, n.7, para 7 (FCC File No. ITC-T/C-19990130-00119, rel. Sep. 27, 1999) ("[N]one of [Startec Parent's] affiliated foreign carriers has sufficient market power to affect competition adversely in the U.S. market.")

REQUEST FOR STREAMLINED PROCESSING

As stated above, the applicants respectfully submit that this application qualifies for streamlined processing pursuant to section 63.12 of the Commission's rules, 47 C.F.R. § 63.12. Allied has certified above that it is not a foreign carrier, nor is it affiliated with foreign carriers that possess market power in their destination markets. Further, as the Commission has determined previously, Startec Parent's foreign carrier affiliates also lack market power in their respective destination markets, as set forth in section 63.12(c)(1)(i)-(iii) of the Commission's rules, 47 C.F.R. § 63.12(c)(1)(i)-(iii).³⁰ Accordingly, the applicants request that the Commission afford this application streamlined processing.

³⁰ *See id*

EXECUTION VERSION

Respectfully submitted,

ALLIED CAPITAL CORPORATION

STARTEC GLOBAL
COMMUNICATIONS CORPORATION

Scott Binder
Managing Director

Prabhav V. Maniyar
**Senior Vice President, Chief Financial
Officer, Secretary**

GUAM CABLE GROUP, INC.

STARTEC GLOBAL OPERATING
COMPANY

John Selvaraj
President, Treasurer

Prabhav V. Maniyar
Secretary

Dated: March 9, 2004

Attachment A

Transfer Of Control Of Blanket Domestic Section 214 Authority

Additional Information Required by Section 63.04(a)(6)-(12)

(6) *Description of the Transaction.* Under the terms of the Debtors' Joint Plan of Reorganization, as amended and modified (the "Modified Plan"),¹ filed with the Bankruptcy Court on January 16, 2004, Startec Global Communications Corporation ("Startec Parent") and Startec Global Operating Company ("Startec Operating") will be reorganized, with Guam Cable Group, Inc. Communications, Inc. ("Guam Cable") continuing to be a subsidiary of Startec Operating, and an indirect subsidiary of Startec Parent. Guam Cable will continue providing interstate domestic services and will hold the licenses and authorizations required for those services (including the blanket domestic section 214 authority granted under section 63.01 of the Commission's rules, 47 C.F.R. § 63.01).

Under the Modified Plan, Allied Capital Corporation ("Allied"), a publicly owned Maryland corporation that provides private investment capital (in the form of both debt and equity securities) to private and undervalued public companies, will own 68.5% (or 58.22% when fully diluted) of the new shares of Startec Parent common stock. With its substantial majority of Startec Parent's common stock, Allied also will be able to control the outcome of actions requiring shareholder approval, and will have the right to select five of Startec Parent's seven directors. Because Allied will be able to appoint a majority of the directors of the reorganized Startec Parent, it will also control the management of all of Startec Parent's wholly owned subsidiaries, including Startec Operating. Because Startec Operating holds 50% of the issued and outstanding shares of Guam Cable, Allied will have negative, indirect control of Guam Cable.

(7) *Description of Domestic Services by Geographic Area* Guam Cable offers domestic long distance and Internet access services to residential and business customers in Guam and the Commonwealth of the Northern Marianas Islands. Through a combination of owned and leased telecommunications transmission facilities, Guam Cable provides its customers with domestic long distance service to all U.S. destinations.

(8) *Qualification for Streamlined Processing.* Since Allied, the transferee, is not a telecommunications provider, the application for transfer of control qualifies for streamlined treatment pursuant to Section 63.03(b)(ii) of the Commission's rules, § 63.03(b)(ii).

(9) *Other Applications Related to the Transaction.* Startec Parent, Startec Operating and Allied, are filing a companion application for the transfer of control of Guam Cable's international section 214 authorizations and minority interests in the cable landing licenses for the TPC-5, China-US and Guam-Philippines cable networks.

¹ A copy of the Modified Plan is included as Attachment C

(10) *Special Circumstances.* Approval of the proposed transaction is a condition precedent to the emergence of Startec Parent and its subsidiaries from bankruptcy and, thus, to the ability of Startec Parent and each of its subsidiaries to continue serving their customers. This also comports with the Commission's goal of "accommodat[ing] the policies of federal bankruptcy law with those of the Communications Act."² For this reason, the applicants have requested streamlined processing of the application and respectfully ask that the Commission approve it as soon as possible.

(11) *Waiver Requests.* Startec and Allied have not filed any waiver requests with respect to the proposed transaction.

(12) *Public Interest Statement.* The Commission's approval of the transfer of control, as set forth in the present application, is required under the Modified Plan and will give Guam Cable the best opportunity to continue providing domestic services to its customers. Guam Cable's customers address the needs of select ethnic and linguistic communities by providing long distance, Internet access, and data services to end-users, and Guam Cable plays a vital role in serving this important niche market. For these reasons, the applicants respectfully submit that approval of this application is consistent with the public interest, convenience, and necessity, as required by section 63.18 of the Commission's rules, 47 C.F.R. § 63.18. Additionally, given the need to secure the Commission's approval of this application prior to consummation of the Modified Plan, the applicants request that the Commission act as expeditiously as possible in reviewing and approving the transfer of control requested herein.

² *LaRose v. FCC*, 494 F.2d 1145, 1146 (D.C. Cir. 1974)

Attachment B

Timeline Of Events – Startec Bankruptcy Proceedings

Date	Event	Reference (as applicable)
December 14, 2001	Startec Parent, Startec Operating and Startec Licensing file for bankruptcy under Chapter 11 of Title 11 of the U.S. Code in the U.S. Bankruptcy Court for the District of Maryland (Greenbelt Division)	<i>In re Startec Global Communications Corp., et al.</i> , jointly administered under Case No. 01-25013 (DK) (Bankr. D. Md. filed Dec. 14, 2001).
July 12, 2002	Startec Parent notifies the Commission of the pro-forma transfer of control of international section 214 authorizations held by PCI from Startec Parent to Startec Parent as debtor-in-possession	
July 15, 2002	Startec Parent files an application seeking approval of the pro-forma transfer of control of cable landing licenses (together with any accompanying international section 214 authorizations) held by PCI from Startec Parent to Startec Parent as debtor-in-possession.	FCC File No. SCL-T/C-20020715-00063; <u>Granted</u> -- Public Notice, DA 02-2614 (rel. Oct. 10, 2002)
August 1, 2002	Startec Parent notifies the Commission of the pro-forma transfer of control of domestic section 214 authorization held by PCI from Startec Parent to Startec Parent as debtor-in-possession.	
September 11, 2002	Startec Parent, Startec Operating and Startec Licensing file the Debtors' Joint Plan of Reorganization, as amended (the "Original Plan")	
September 25, 2002	Startec Parent, PCI and Allied apply for approval of the transfer of control over PCI and its FCC authorizations, as contemplated by the Original Plan (the "Original Application")	FCC File Nos. SCL-T/C-20020925-00099, ITC-T/C-20020925-00527.
December 9-10, 2002	Original date for the confirmation hearing under the Original Plan.	
March 31, 2003	NTFC files lawsuit against Allied	NTFC Capital Corporation v. Allied Capital Corporation, Adv. No. 03-1135-DK (Bankr. D. Md. filed Mar 31, 2003).
Spring 2003	Startec Parent negotiates the formation of a joint venture with EC Communications, LLC, involving the sale of PCI's assets, including its cable landing licenses and international section 214 authorizations.	
June 9, 2003	PCI and Guam Cable file applications with the Commission requesting authorization to assign PCI's international section 214 authorizations and minority interests in cable landing licenses to Guam Cable	FCC File Nos. ITC-ASG-20030604-00274, SCL-ASG-20030604-00009.
June 9, 2003	PCI and Guam Cable submit requests for special temporary authority ("STA"), to complete the assignments of PCI's cable landing licenses and international section 214 authorizations to Guam Cable immediately	FCC File Nos. ITC-STA-20030604-00273, SCL-STA-20030604-00010.

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Date	Event	Reference (as applicable)
June 19, 2003	PCI and Guam Cable consummate the license transfers, pursuant to the grants of special temporary authority.	
August 2003	Commission grants the underlying assignment applications relating to the assignment of PCI's authorizations to Guam Cable.	Public Notice, DA 03-2605 (rel. August 7, 2003); Public Notice, DA 03-2646 (rel. August 13, 2003).
August 14, 2003	PCI applies to relinquish its interest in the cable landing license for the Japan-US Cable System, and the Commission subsequently granted this application.	FCC File No. SCL-MOD-20030814-00023. <u>Granted</u> : Public Notice, DA 03-2949 (rel. Sep. 25, 2003).
December 2003	Allied and NTFC resolve their differences and execute a settlement agreement.	
January 16, 2004	Debtors submit the further revised Debtors' Joint Plan of Reorganization, as amended and modified (the "Modified Plan"), to the bankruptcy court.	
January 20, 2004	Allied and NTFC file a stipulation requesting dismissal of the pending lawsuit	
January 30, 2004	Debtors' bankruptcy court issues an order tentatively approving the Debtors' proposed revisions, as set forth in the Modified Plan	
February 9 ¹⁰ , 2004	Debtors hold confirmation hearing. Modified Plan confirmed, subject to final, written confirmation order.	
February 27, 2004	By a letter submitted to the Commission, PCI, Startec Parent and Allied request that the Commission dismiss the Original Application.	
March 3, 2004	Debtors submit a draft confirmation order to the bankruptcy court for approval.	
March 9, 2004	Instant application filed with FCC	

Attachment C

Modified Plan

[please see attached]

EXECUTION VERSION

Attachment D

Blackline Comparing Original Plan and Modified Plan

[please see attached]

EXECUTION VERSION

Attachment E

Draft Confirmation Order

As submitted to Debtors' bankruptcy court on March 3, 2004 – executed order will be delivered to Commission upon receipt

[please see attached]

Attachment F

Foreign Affiliations of the Reorganized Startec Parent and Its Subsidiaries

<u>Company</u>	<u>License(s) Held</u>
Startec Global Communications U.K. Ltd. (wholly owned Startec Parent subsidiary)	Authorized to off services in/through 1. (U.K.) International Facilities License 2. (Ireland) General Telecommunications License 3. (Austria) License for the provision of voice telephone by self-operated telecommunications network 4. (Australia) License not required 5. (New Zealand) Registered as an operator under the Telecommunications (International Services) Regulations 1994
Startec Global Communications (Switzerland) GmbH (wholly owned Startec Parent subsidiary)	Registered for the Supply of Telecommunications Services
Startec Global Communications GmbH (Germany) (wholly owned Startec Parent subsidiary)	Class 4 (Nationwide) License
Startec Global Communications Company (Canada) (wholly owned indirect Startec Parent subsidiary)	Class A License -- Section 16.3
Vancouver Telephone Company Limited (Canada) (wholly owned indirect Startec Parent subsidiary)	Class A License -- Section 16.3

None of these entities is dominant in the foreign markets they serve, as defined by section 63.10 of the Commission's rules, 47 C.F.R. § 63.10.

- *BUYERS UNITED SECTION 214 TRANSFER OF CONTROL*: Comments due Mar. 16.